

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

June 27, 2005

IN RE:

**JOINT APPLICATION OF BT GROUP, PLC AND INFONET
TELECOMMUNICATIONS CORPORATION FOR
APPROVAL TO TRANSFER CONTROL OF INFONET
TELECOMMUNICATIONS CORPORATION TO BT GROUP,
PLC**

**DOCKET NO.
04-00410**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on January 31, 2005 for consideration of the *Joint Petition* of BT Group, PLC ("BT Group") and Infonet Telecommunications, Corp. ("ITC") for TRA approval of a transfer of authority to provide telecommunications services in Tennessee

Background

BT Group is a widely-held public corporation and holding company for an integrated group of businesses that provide information and communications technology services to large, multinational corporate customers throughout the world. By an order dated October 26, 1999, in Docket No. 99-00419, the TRA granted BT Communications Sales LLC ("BT Communications")¹ a Certificate of Public Convenience and Necessity ("CCN") as a competitive local and interexchange service provider

¹ BT Communications is a subsidiary of BT Group, PLC and is authorized to provide intrastate telecommunications services in Tennessee

ITC is a corporation organized under the laws of the State of Delaware. On February 18, 2003, in Docket No. 02-01241, the TRA granted ITC² a CCN to provide interexchange services on a resale basis.

The Joint Petition

In the *Joint Petition*, BT Group and ITC request approval for the transfer of ultimate ownership and control of ITC to BT Group. This request stems from an agreement made between British Telecommunications, PLC, on behalf of its parent, BT Group, and Infonet Services Corp (“Infonet”) to acquire all of the outstanding shares of Infonet, the corporate owner of ITC. To effectuate the transaction, a newly created, wholly owned subsidiary of BT Group named Blue Acquisition Corp. (“Blue”) will be merged with Infonet, after which the separate corporate existence of Blue will cease and Infonet will emerge as the surviving corporation. Therefore, the transaction will result in an indirect transfer of authority of ITC to BT Group. Both ITC and BT Communications will continue to operate under their respective CCNs after the transfer is completed. ITC customers will not experience any change in services, billing procedures, or customer contact location.

The *Joint Petition* states that the post-transaction entity will be able to better serve its multinational clients globally. Additionally, the *Joint Petition* states that this, “[t]ransaction will generate efficiencies that will benefit customers generally by reason of the highly competitive nature of the market.”³

Statutory Framework

The transfer at issue in this Docket is governed by Tenn. Code Ann. § 65-4-113 (2004). That provision requires a public utility to obtain TRA approval to transfer its CCN. Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

² Infonet Telecommunications, Corp. is a subsidiary of Infonet Services Corporation.

³ *Joint Petition*, p. 5 (November 30, 2004).

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

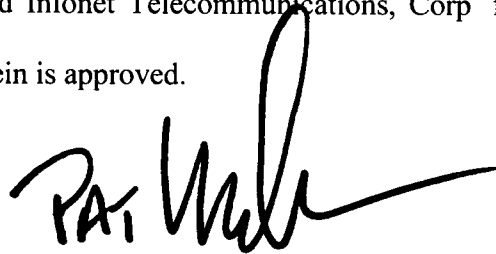
Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

January 31, 2005 Authority Conference

At the January 31, 2005 Authority Conference, the Panel voted unanimously to approve the *Joint Petition* pursuant to a finding of compliance with the requirements of Tenn. Code Ann. § 65-4-113 (2004).

IT IS THEREFORE ORDERED THAT:

The *Joint Petition* of BT Group, PLC and Infonet Telecommunications, Corp for approval of a transfer of authority as described herein is approved.



Pat Miller, Chairman



Deborah Taylor Tate, Director



Ron Jones, Director